



State of Washington
Department of Revenue

Excise Tax Advisory

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OVERHEAD COSTS IN COMPUTING VALUE ON A COST BASIS

Issued July 29, 1966

Must overhead costs be included in computing the value of the article used on a cost basis?

Taxpayer, a large department store, produced catalogs which it sent to its customers. A Use Tax was assessed, using the cost basis which included "office handling" costs which taxpayer had attributed to its catalog department.

The Use Tax is measured by the "value of the article used," which is defined in RCW 82.12.010(1) as the consideration paid. Where the article is manufactured by the user, value is determined by the retail selling price of similar products. Rule 134 provides that if no similar selling price is available, value is to be determined on a cost basis, including direct and indirect overhead costs.

The Commission held that overhead costs on catalogs produced must be included in determining the value on a cost basis.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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